

2002 Survey of Business Owners Press Releases

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Half of U.S. Businesses Are Home-Based, Majority of Firms Self-Financed, Census Bureau Reports

Almost half (49 percent) of the nation's businesses are operated from home, and more than 6-in-10 owners used their own money to start the business, according to new U.S. Census Bureau reports on characteristics of businesses and business owners.

"Home-based businesses collectively generated a remarkable amount of economic activity, especially for women and minorities," said Census Bureau Director Louis Kincannon. "Just released data also show most businesses are started by people and families who dig into their own pockets."

Two reports released today are from the 2002 Survey of Business Owners (SBO): [Characteristics of Businesses: 2002 \[PDF\]](#) and [Characteristics of Business Owners: 2002 \[PDF\]](#).

The data show self-employed individuals who have no paid employees operate three-fourths of U.S. businesses.

Highlights:

Home-based businesses

- Home-based businesses made up 56 percent of American Indian- and Alaska Native-owned firms, 56 percent of women-owned firms, 53 percent of black-owned firms, 53 percent of Native Hawaiian- and Pacific Islander-owned firms, and 45 percent of Hispanic-owned firms. In contrast, 2-in-3 Asian-owned firms reported they conducted business from nonresidential locations.
- Top industries for home-based businesses were: professional, scientific and technical services, construction, and retail trade and other services (such as personal services, and repair and maintenance).

Most businesses are "self-made"

- People using their own money or family assets for business startups included 77 percent for businesses with paid employees and 59 percent for businesses with no paid employees.
- Top industries for these "self-made" businesses were: accommodation and food services (79 percent), manufacturing (78 percent), wholesale trade (74 percent) and retail trade (72 percent).
- Nearly 3-in-10 (28 percent) of all entrepreneurs started or acquired their business with no capital at all.
- Nearly 1-in-10 U.S. businesses -- both employer firms and nonemployer firms -- were started by owners who used personal or business credit cards to finance the startup or acquisition.

Business owners are highly educated, 3-in-10 are over 55 and 14 percent are veterans

- In 2002, 64 percent of business owners had at least some college education at the time they started or acquired ownership in their business, 23 percent had a bachelor's degree and 17 percent had a graduate degree. Just over 1-in-4 owners had a high school education or less.
- Thirty-one percent of owners were more than 55 years of age, 29 percent were between 45 and 54, and 24 percent were between 35 and 44. Only 2 percent of owners were less than 25 years of age.
- Fourteen percent of business owners in 2002 were veterans; 73 percent of those operated with no paid employees. Nearly 7 percent of veteran business owners were disabled as a result of injury incurred or aggravated during active military service.

Owners' income, role and hours vary

- When it comes to depending upon a business for income, 70 percent of owners of employer firms reported that their business is their primary source of income, compared to 44 percent of nonemployer firms.
- More than half of business owners reported their primary function was managing day-to-day operations and producing their business goods and services (survey respondents could check more than one category).
- When it comes to putting in long hours, more than half the owners of firms with paid employees reported working overtime (more than 40 hours a week, on average). Only 26 percent of owners of nonemployer firms reported they worked overtime. In fact, 43 percent of owners of nonemployer firms reported working less than 20 hours a week on average, compared to 20 percent of owners of firms with employees.

About the survey

More than 2.3 million firms were asked to report information about the characteristics of up to three individuals with the largest share of ownership; additional owners were not surveyed regarding characteristics. Owners had the option of selecting more than one race and are included in all races they selected.

The SBO is part of the 2002 Economic Census and combines survey data with administrative data.

All estimates were based on the businesses, both firms with paid employees and firms with no paid employees, that returned the 2002 SBO form and provided the gender, Hispanic or Latino origin, or race for the owner(s) or indicated that the firm was publicly held.

Of those responding to the survey, 92 percent identified themselves as white, 5 percent as Asian, 4 percent as black, about 1 percent as American Indian or Alaska Native and 0.1 percent as Native Hawaiian or other Pacific Islander. Five percent identified themselves as Hispanic (who can be of any race).

Data for 2002 are not directly comparable to previous survey years (the last survey was conducted for 1992) because of several significant changes to the survey methodology. See "Comparability of 2002 CB/CBO and 1992 CBO Data" at <http://www.census.gov/econ/sbo/methodology.html#comparability>.

The data collected in a sample survey are subject to sampling variability as well as nonsampling errors. Sources of nonsampling errors include errors of response, nonreporting and coverage.